

Department of Transportation

- 1. As the Director of the Michigan Department of Transportation (MDOT), what are your long-term financial planning goals for the state transportation budget?**

I will continue to look for administrative savings that can result in more concrete, asphalt and steel for our roads and bridges. I plan to maintain a reasonable bond program by managing our debt with both short and long term financing. My number one priority is to be the best steward of the tax payers' money while managing transportation assets for the lowest, overall, life cycle cost. I will be monitoring 20-year projections of anticipated operation, maintenance and improvement expenses, along with the system condition goals, in the context of the expected revenue over the same period of time.

- 2. While transportation-related revenues remain relatively constant, the transportation program continues to grow. What type of financing tools would you recommend to successfully implement a state transportation program (examples include creating toll roads, issuing bonds, taxing alternative fuels, eliminating interdepartmental transfers, increasing the vehicle registration fee, etc.)**

We need to continue with a reasonable bond program. The department currently has a debt rate of approximately 11 percent. Interdepartmental grants to other departments are appropriate to cover expenses related to transportation services such as collection of gas taxes, vehicle registration fees, motor vehicle and truck enforcement and environment permit regulation. These funds are audited annually for compliance. We need to ensure accurate reporting and charging.

Current transportation revenue comes from three almost equal sources: federal gas taxes, state gas taxes, and vehicle registration fees. As gas taxes begin to stagnate due to higher efficiency vehicles and lower consumption, alternative sources of revenue will need to be expanded. The federal government and all 50 states are currently looking at the same issue. The recently passed federal highway bill calls for two special commissions to look at future funding for the nation's highways in light of these current changes. Some states are experimenting with alternative sources of revenue such as mileage fees, odometer fees and other user charges. Still others are looking at utilizing tolling options for new capacity projects, while others are using public private partnerships with identified steady funding streams to attract financial backers. We need to investigate how these options work, and what other states are learning, to determine if such alternatives are appropriate for Michigan.

- 3. MDOT was one of the state departments that lost a large number of employees due to the early retirement program. As the Director of MDOT, how will you address the increased workload requirements for the existing MDOT personnel? How will you ensure that the quality of work of the existing personnel is not adversely affected by the reduced number of employees?**

The department has a long history of utilizing consultant engineering companies to handle parts of our core program development. The program delivery targets will continue to be met with a combination of existing staff and consultants. Current employees are provided continual training to enhance their skills and proficiencies. Most of our basic training classes have been revamped and are offered more often due to the amount of new staff and new technology available. Some technical training is offered concurrently with consultant and department staff. All contracts, whether designed by MDOT or by a consultant, must be reviewed by the MDOT quality assurance office, prior to advertising for bids. I will continue to stress technical training for all staff to maintain and enhance the skills and core expertise of our employees.

- 4. Explain your plans (financial and otherwise) for the public transit systems in the state. How will you improve or implement public transit initiatives in urban areas? Please provide specific details on how to improve the efficiency and effectiveness of state transit funding.**

One of the biggest impacts the department can have on urban public transit is to assist in coordinating the services of multiple transit agencies and provide opportunities for cooperation between them. Better cooperation can result in easier transfers from system to system and county to county. While the department provides some funding, the individual agencies are responsible for operating plans and decisions. Transit agencies have varying levels of technical sophistication. There may be opportunities to provide direct grants to larger agencies that don't need technical assistance, giving the limited number of MDOT staff more time to serve the smaller agencies and special service providers.

- 5. When Governor Granholm ran for office in 2002 she said that her administration will "insist on meaningful warranties from road contractors." Do you believe that has happened? Has it paid off?**

YES. And YES.

A meaningful warranty is one that holds contractors accountable for work they have control over. Issues related to design decisions that are not part of the contractor contract do not belong in a traditional public works project. A true performance warranty can be applied where the contractor has considerable control over part of all of the design decisions. These are most appropriate in design/ build contracts.

MDOT's warranties are showing an increased level of attention to the quality of the final product by the contractors. This is a result of decreased variability of materials, which is directly related to increased consistency in the final product. At this point, the data is inconclusive to determine if pavement warranties will have any long-term effect on pavement longevity.

Warranties have made contractors more aware of how their daily decisions on material selection and handling have an impact on final quality performance. Experience is mixed across the country from acceptance to complete rejection of warranties as a quality enhancer.

- 6. Townships argue that they should be included in the PA 51 road funding formula. Do you agree with that position? Why or why not? If you do agree, would you actively seek to change the current formula?**

There are over 120,000 miles of public roads in the State of Michigan under the jurisdiction of 612 different agencies. Changing the formula to include an additional 1,200 agencies will not result in an increase in any area, but will only serve to further distribute the current funding into more, and smaller, segments. I do not anticipate seeking to change the formula but I will actively work toward having all agencies manage their road and bridge network with an asset management approach. Asset management requires decisions be made in regard to the long-range condition of the entire system.

- 7. Michigan receives most of its road funding from motor fuel taxes. Would you support a funding system that taxed alternative sources of fuel that may one day be alternatives to gasoline and diesel fuel?**

While there is concern that motor fuel taxes will soon disappear, in reality it takes 15 years to turn over the vehicle fleet. So while we don't need to act immediately to change the methodology for road funding, we do need to begin investigating what alternatives may be available and what impacts will result. We also need to engage the public in a discussion of alternative fuels. I support a funding system that provides the necessary resources for the infrastructure needed to support whatever means of transportation the public chooses.

- 8. What is your perspective on the current statutory formula for distributing road funding (after the statutory deductions are "taken off the top", the current formula distributes 39.1% to the state, 39.1% to the county road commissions, and 21.8 percent to cities and villages)?**

The current formula has served transportation well for the past 55 years. The last review in the mid 90's concluded that we needed a coordinated approach for all roads and bridges in Michigan regardless of jurisdiction. As a result of that funding study, the

Michigan Transportation Asset Management Council was created (PA 499 of 2002) to coordinate the collection of common condition data and develop a strategy to improve all public roads in the state. The Council has representatives from MDOT, county road commissions, cities, townships, metropolitan planning organizations, rural planning areas, and county government. The Transportation Asset Management Council is in its fourth year of data collection and is developing the strategy for future condition based on current and proposed funding levels for the different levels of the road network.

9. As Director, would you support the elimination of the transfer of funds from the Michigan Transportation Fund, the State Trunkline Fund and the Comprehensive Transportation Fund to other state departments?

Transfers to other departments to cover actual costs associated with transportation-related activity are a legitimate use of road user fees. As Director, I will insist on accurate reporting and accounting of transportation funds.

10. What are your views on regional transportation issues facing southeast Michigan? The rest of the state?

Southeast Michigan faces several transportation issues. Its road and bridge network are the oldest in the state and carry more traffic than all other parts of the state. It also connects to the first and third busiest border crossings in the United States. The freeway system handles approximately 28 percent of all land-based trade with Canada that is destined for 26 other states and Mexico. It is a significant challenge to maintain the current system while addressing the needed capacity improvements with funding that is constrained to available revenues.

The region also has two transit systems that pose additional challenges to coordinating service. Some 30 percent of Detroit's population do not have access to a vehicle and are solely dependent on the transit system to get to and from work or home. It's reported there are service and reliability issues as well as coordination issues between the two systems.

I view transit in all areas of the state as a primary concern of local transit agencies that are closest to local users and can respond more swiftly to concerns and changing needs. At the same time, transit operators across the state vary in levels of sophistication and staff support. MDOT can assist by bringing interested parties together to discuss ways to collaborate on providing better service, and can provide technical consultations to requesting agencies.

Balancing the need for road and bridge repairs based on the conditions with needed capacity improvements is a challenge across the state. Michigan has one of the best safety ratings in the country but this requires a constant focus on balancing necessary preservation work with emerging capacity needs.

11. SEMCOG recently received a \$100 million grant to study creating a transit system between the City of Detroit, Metro Airport, and Ann Arbor. What are your thoughts on this?

The federal earmark provides priority status for applying for New Starts Program from the Federal Transit Administration. The actual funding has not yet been provided to SEMCOG. The competition for these funds is quite strong and funding is not guaranteed. SEMCOG is conducting a feasibility study to draft the documents to submit to the Federal Transit Administration. The study will determine the best alternative for location and type of system. It will also predict ridership and anticipated annual costs. If SEMCOG is successful in obtaining funding, the complete Early Preliminary Engineering study will come in well under \$100 million and there should be money available for design, Right of Way acquisition and possibly a segment of construction. Given the uncertainty of the future of motor fuels, we should continue to support the development of alternative transportation methods.

12. What success has Michigan made in the last three years in capturing more federal funds for roads?

The recently passed federal surface transportation act known as SAFETEA-LU increased Michigan's rate of return of our federal fuel taxes from 90.5 to 92 percent over the life of the bill. On average, this will generate \$239 million more per year over the prior bill. SAFETEA-LU also provides some earmark funds for border crossing projects. Other earmarks were received that were part of the minimum guarantee. We also were successful in capturing additional safety money with the enactment of legislation that reduced the legal blood alcohol level from .10 to .08. Michigan also was awarded additional seat belt funds from the FHWA because of its primary seatbelt law.